

**Minutes of Meeting**  
**Health Services Council**  
**Project Review Committee-II**

**DATE: 18 May 2006**

**TIME: 3:00 PM**

**LOCATION: Health Policy Forum**

**ATTENDANCE:**

**Committee II: Present: Victoria Almeida, Esq., (Vice Chair), Denise Panichas, Robert J. Quigley, DC, (Chair), Reverend David Shire (Secretary)**

**Not Present: Rosemary Booth Gallogly**

**Excused Absence: Raymond C. Coia, Wallace Gernt, Esq., Maria R. Gil, Sen. Catherine E. Graziano, RN, Ph.D., Larry Ross**

**Staff: Valentina D. Adamova, Michael K. Dexter, Joseph G. Miller, Esq.**

**Public: (see attached)**

## **1. Call to Order and Approval of Minutes**

**The meeting was called to order at 3:05 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded and passed by four in favor and none opposed (4-0) that the availability of the minutes for this meeting be extended beyond the time frame provided for under the Open Meetings Act. Those members voting in favor were: Almeida, Panichas, Quigley, Shire.**

## **2. General Order of Business**

**The first item on the agenda was application of Roger Williams Radiation Therapy, LLC [New England Radiation Therapy Management Services, Inc. and Roger Williams Hospital] for a Certificate of Need for acquisition of two linear accelerators and provision of radiation therapy services at 50 Maude Street in Providence.**

**Mr. Zubiago, legal counsel to the applicant, summarized the background of the application's review. He noted that originally the Certificate of Need ("CON") application included the Accuray CyberKnife unit which has since been removed from the application.**

**He stated that Roger Williams Hospital (“RWH”) needs Radiation Therapy Services, Inc.’s management and investment in order to get the new equipment.**

**To the Chairman’s questions, Ms. O’Connell, representative of RWH, confirmed that RWH’s Board of Directors supports this proposal.**

**Mr. Zubiago noted that the hearings on this matter were postponed due to the regulatory actions the state agency was undertaking with respect to RWH. He stated that the CON application has been revised and that there are some revisions still outstanding. He noted that primarily the revisions reflect the removal of the Accuray CyberKnife unit from the CON application. He stated that another change is that one of the old and currently operating low energy linacs at RWH will be transferred to RWRT, LLC to be used only as a backup machine. He stated that as part of the revision the applicant indicated providing a very high percentage of charity care and that this number will be revised and correction provided to the Committee.**

**To the question regarding the Veteran Administration, Mr. Zubiago stated that the radiation therapy contract was awarded to North Main Radiation Oncology. Discussion ensued regarding the applicant’s volume projections due to the loss of contract by RWH.**

**Staff inquired as to the benefit of the joint venture. Ms. O’Connell stated that the benefits are management and capital contribution.**

**Staff noted that RWH has been providing this service for a number of years and asked that it be clarified what the joint venture will bring that the hospital wasn't able to do. Staff noted that due to the joint venture 51% of the revenue will not be going to the hospital. Ms. O'Connell stated that the hospital was getting more than 50% of the revenue before but the problem is that the current equipment is old. She noted that joint venture would provide needed capital.**

**Staff noted that '2005 Hospital Financial Dataset' shows that RWH has approximately \$40 million in cash, investments and endowments. Staff inquired why RWH pursued the joint venture instead of funding the purchase of the equipment via the endowment monies. Ms. O'Connell noted that to take money from the endowment may affect certain covenants. It was noted that some of the endowment funds are also restricted. Staff noted that the minimum 33% equity requirement for this project is approximately \$1 million and based on the projections the service would generate approximately \$500,000 per year in profit and thus the equity contribution would be recouped in 2-3 years. Ms. O'Connell stated that the financial representative of the hospital is not present at the meeting. The Chairman requested that the applicant provide a written statement regarding this issue.**

**The Committee reviewed potential conditions of approval that were handed out for discussion purposes. Discussion ensued regarding the applicant providing an outreach program.**

**Staff reviewed the changes to the debt and equity commitment by the applicant to 69% equity and 31% debt from the original 83% equity and 17% debt.**

**Staff noted that by modifying this application and being permitted to bring in a piece of equipment that wasn't originally part of the CON application, the proposed back up linac shall not be available for one-for-one upgrade exemption. Staff clarified that the concern is regarding both of the currently operating linacs of RWH. Mr. Zubiago agreed to this contingency. Staff noted that RWH is a substantial member of the RWRT, LLC (49%). Staff noted that RWH also needs to agree not to request a one-for-one for the linac that will be put into storage. Ms. O'Connell agreed. Staff summarized that a new CON application will need to be filed for a new piece of equipment. Mr. Miller, legal counsel to the Department, stated that there will not be one-for-one exemptions granted for either of the two RWH's units. Staff noted that conditions of approval will be amended to reflect this.**

**Staff read a portion from the Zimmerman report for the record that if Roger Williams Medical Center were to operate with only one linac, then radiation facilities would operate at 67% statewide at 2004 utilization rates or 89% of working capacity. Staff noted that the modifications to the application fit in with Zimmerman's report.**

**There being no further business the meeting was adjourned at 3:40 PM.**

**Respectfully submitted,**

**Valentina D. Adamova**